

Message Text

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ACTION EB-07

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7253

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E.O. 11652: N/A

TAGS: EINV, CA

SUBJECT: CHANGE IN FIRA LEADERSHIP AND PHASE II OF INVESTMENT ACT

REF: A. STATE 184600 B. OTTAWA 3512

BEGIN UNCLASSIFIED

1. PM TRUDEAU'S OFFICE ANNOUNCED AUGUST 7 THAT BERTRAM BARROW, CURRENTLY SENIOR ASSISTANT DEPUTY MINISTER OF INDUSTRY, TRADE AND COMMERCE, WILL SUCCEED RICHARD MURRAY AS COMMISSIONER OF FOREIGN INVESTMENT REVIEW AGENCY. MURRAY WILL BECOME PRESIDENT AND DIRECTOR OF NEW FEDERAL BUSINESS DEVELOPMENT BANK WHICH IS TAKING OVER FUNCTIONS OF INDUSTRIAL DEVELOPMENT BANK AS WELL AS ITC'S COUNSELLING ASSISTANCE TO SMALL ENTERPRISES (CASE) PROGRAM.

2. BARROW HAS BEEN CAREER CIVIL SERVANT FOR 30 YEARS AND HAS HELD PRESENT POSITION SINCE JANUARY 1973. ALTHOUGH NO DATE WAS GIVEN IN ANNOUNCEMENT FOR BARROW TAKING OVER AS MURRAY'S SUCCESSOR, EMBASSY UNDERSTANDS BARROW WILL ASSUME NEW POSITION ON AUGUST 15.

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3. ACCORDING TO PRESS INTERVIEWS PUBLISHED IN GLOBE AND MAIL OF AUGUST 9 AND FINANCIAL TIMES OF AUGUST 11, BARROW IS QUOTED AS SAYING HE SEES HIS NEW JOB AS ENCOURAGING PROJECTS WHICH WILL HELP CANADIAN INDUSTRY TO COMPETE IN DOMESTIC AND EXPORT MARKETS. REPORTEDLY, HE ALSO TOLD PRESS THAT FIRA COULD BE POLICY INSTRUMENT FOR MEETING GOC OBJECTIVES IN DEVELOPING INDUSTRIAL STRATEGY AND IN "THIRD OPTION" FOREIGN POLICY COMMITMENT. PETER COOK OF FINANCIAL TIMES REPORTED BARROW SAID LATTER OBJECTIVE WOULD DEVELOP BY "ENCOURAGING JOINT VENTURES WITH EUROPEAN AND JAPANESE PARTNERS".

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4. BARROW'S COMMENTS, IF ACCURATELY REPORTED IN NEWSPAPERS, SOUND AKIN TO THOSE OF REGIONAL EXPANSION MINISTER JAMIESON LAST OCTOBER WHEN HE REPORTEDLY TOLD NEWS CONFERENCE IN LONDON THAT A NON-AMERICAN INVESTOR WOULD PROBABLY BE MORE WELCOME THAN A U.S. REQUEST IN THE FIRA REVIEW PROCESS (SEE REFTEL B)

GOC LEADERS, INCLUDING THEN ACTING PM MITCHELL SHARP, WERE QUICK TO DENY PUBLICLY IMPLICATIONS OF JAMIESON'S REMARKS AND SAID GOC POLICY WAS NON-DISCRIMINATORY TOWARD NATIONALITY OF ALL FOREIGN INVESTORS. MURRAY TOLD PRESS, "FOREIGN INVESTMENT REVIEW ACT DID NOT PROVIDE FOR JUDGMENT ON PREFERABLE NATIONALITIES".

5. AT TIME OF JAMIESON'S REMARKS AND SUBSEQUENTLY, EMBASSY HAS MADE KNOWN ITS CONCERNS TO FIRA OFFICIALS ABOUT DISCRIMINATION AGAINST U.S. FIRMS, AND MURRAY HAS PUBLICLY STATED SEVERAL TIMES THAT FIRA DECISIONS NOT BASED ON NATIONALITY OF INVESTOR. (LATEST OCCASION FOR MURRAY TO REITERATE THAT THERE HAS NOT BEEN AND WILL NOT BE DISCRIMINATION AGAINST U.S. FIRMS WAS AT AMERICAN BAR ASSOCIATION MEETING IN MONTREAL ON AUGUST 12.)

6. EMBASSY WILL SEEK EARLY APPOINTMENT WITH BARROW AND WILL USE OCCASION TO EXPRESS USG CONCERNS ABOUT IMPLEMENTATION OF PHASE II IN ACCORDANCE WITH INSTRUCTIONS REFTEL A AND SOLICIT FROM HIM CLARIFICATION OF HIS REMARKS ABOUT USING FIRA AS "THIRD OPTION" FOREIGN POLICY OBJECTIVE.

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